

August 15, 2005

Mr. Bill Whitmore
Actuarial Services
Anthem Blue Cross and Blue Shield of Maine
2 Gannett Drive
South Portland, ME 04106-6911

Re: Coverage Utilization Adjustments

Dear Bill:

Anthem Blue Cross Blue Shield of Maine has requested that Milliman provide it with factors that reflect differences in utilization due to member cost sharing for several of its existing plans. These factors do not reflect any difference in utilization due to the population expected or actually enrolled in each plan design. These Coverage Utilization Adjustments are shown in the attached chart. The plan description in the attached chart is just enough to distinguish among the plans. It does not attempt to completely describe the plans.

The adjustments are based on Milliman's 2005 Health Cost Guidelines. The Milliman Guidelines are based on multiple data sources and reflect the combined experience and judgment of many Milliman Health actuaries.

The intended use of this letter is to provide Anthem BCBS of Maine with pricing adjustments for its internal use. Our analysis and results may not be appropriate for any other use.

This report has been prepared for the use of and is only to be relied upon by the management of Anthem BCBS of Maine. No portion of this report may be provided to any other party without Milliman's prior written consent, except as needed for filing with its state regulatory authorities. In the event such consent is provided, the report must be provided in its entirety.

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It is certain that actual experience will not conform exactly to the assumptions used in this analysis. To the extent that actual experience is different from the assumptions used in the projections, the actual results will also deviate from the projected amounts.

Let me know if you have any questions regarding the attached. My number is 610-975-8093.

Sincerely,

A handwritten signature in black ink that reads "Jack Burke". The signature is written in a cursive, flowing style.

Jack P. Burke, F.S.A.
Consulting Actuary

JPB/go

**Anthem Blue Cross Blue Shield of Maine
Coverage Utilization Adjustments
Based on Milliman Health Cost Guidelines - 2005**

<u>HealthChoice Plans</u>	<u>Plan Coinsurance Rate</u>	<u>Utilization Adjustment Factor</u>
\$150 deductible with \$1,000 coinsurance	80%	0.997
\$300 deductible with \$1,000 coinsurance	80%	0.986
\$500 deductible with \$1,000 coinsurance	80%	0.970
\$750 deductible with \$1,000 coinsurance	80%	0.960
\$1000 deductible with \$1,000 coinsurance	80%	0.950
\$2000 deductible with \$1,000 coinsurance	80%	0.910
\$4000 deductible with \$1,000 coinsurance	80%	0.859
\$150 deductible with \$1,000 coinsurance, \$20,000 annual benefit maximum	80%	0.996
\$150 deductible with \$1,000 coinsurance, \$10,000 annual benefit maximum	80%	0.995
\$2,250 deductible	100%	0.922
\$5,000 deductible	100%	0.857
\$10,000 deductible	100%	0.793
\$15,000 deductible	100%	0.750
Standard Plans:		
Standard: \$250 deductible, \$1,000 coinsurance	80%	0.990
Standard: \$500 deductible, \$1,000 coinsurance	80%	0.970
Standard: \$1000 deductible, \$1,000 coinsurance	80%	0.950
Standard: \$1500 deductible, \$1,000 coinsurance	80%	0.930
Basic Plans:		
Basic: \$250 deductible, \$1,000 coinsurance	60%	0.966
Basic: \$500 deductible, \$1,000 coinsurance	60%	0.945
Basic: \$1000 deductible, \$1,000 coinsurance	60%	0.925
Basic: \$1500 deductible, \$1,000 coinsurance	60%	0.913